

MINUTES

FINANCE / PARKS & RECREATION / PUBLIC WORKS PROGRAMS COMMITTEE

October 3, 2012

A meeting of the Finance / Parks & Recreation / Public Works Programs Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by Councilmember Mel Rapozo, Vice Chair, at the Council Chambers, 4396 Rice Street, Suite 201, Lihu'e, Kaua'i, on Wednesday, October 3, 2012, at 3:10 p.m., after which the following members answered the call of the roll:

Honorable Nadine K. Nakamura
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro, Ex-Officio Member
Honorable Dickie Chang, Ex-Officio Member

EXCUSED: Honorable Tim Bynum, Chair
Honorable KipuKai Kualii, Member

The Committee proceeded on its agenda items as follows, and as shown in the following Committee Report which is incorporated herein by reference:

CR-FPP 2012-08 on Bill No. 2443

A BILL FOR AN ORDINANCE AMENDING
SECTION 6-5.1 OF THE KAUAI COUNTY
CODE 1987, AS AMENDED, RELATING TO
PAYMENT TO COUNTY BY CHECK OR
NEGOTIABLE INSTRUMENT,
SUBSEQUENTLY DISHONORED (Cost
Control Commission Recommendation)
[Approved.]

Bill No. 2444

A BILL FOR AN ORDINANCE AMENDING
SECTION 5A-6.3, KAUAI COUNTY CODE
1987, AS AMENDED, RELATING TO REAL
PROPERTY TAX (*Cost Control Commission
Recommendation – Minimum Real Property
Tax Assessment*)
[This item was deferred.]

Ms. Yukimura moved to approve Bill No. 2444, seconded by Ms. Nakamura.

There being no objections, the rules were suspended.

SANDI STERKER: This is again a revenue-generating bill, and the reason that we did this is because we are so far out of line other Counties. Oahu is at \$300.00 and Maui is at \$250.00 and the Big Island is at \$100.00-plus. Some of

the very outlying places are less than the people who are close to the services like the Police Department and the Fire Department. And so we were just looking at the fact that here we are at \$25.00, and it does not fit. Now, again, people are having to pay more taxes to cover all of this cost, plus it is making a lot of work for the Finance Department to keep sending out things for \$25.00. It costs them approximately \$100.00 to do it. So the County is losing approximately \$75.00 every time notices have to be sent out.

Vice Committee Chair Rapozo: Thank you. Unfortunately, I have to stop you there. We have to do a tape change, and let us do the caption break at the same time.

There being no objections, the Committee recessed at 3:20 p.m.

The Committee reconvened at 3:29 p.m., and proceeded as follows:

Vice Committee Chair Rapozo: I apologize for that interruption. We had to change the tape, so we will proceed. The rules are suspended if you would like to continue.

Ms. Sterker: One of the things I would like to say is this started in 1975, the \$25.00. And if you add in the cost of increase, it could be at \$103.00, just with cost of increase, not with salary increase or anything else. It is pretty obvious that we need to do something other than \$25.00.

Vice Committee Chair Rapozo: Okay. Mr. Chaffin.

Mr. Chaffin: We debated this increase at some length and finally settled on \$150.00, which would be giving a fair amount to all concerned.

Vice Committee Chair Rapozo: Okay. Any questions for either Ms. Sterker or Mr. Chaffin? If not, thank you very much. Appreciate your service.

Mr. Chaffin: Thank you.

Ms. Sterker: Thank you, Council.

Vice Committee Chair Rapozo: Is there anyone in the audience wishing to testify on the increase in the minimum property tax rate? Seeing none.

There being no objections, the meeting was called back to order, and proceeded as follows:

Ms. Nakamura: Councilmember Bynum is not here, and he thought he would be Chairing this Committee Meeting and asked me to introduce an amendment to the bill that he wrote in response to concerns from constituents

who thought that the \$150.00 increase was too high and wanted it to be spread out over three (3) years. This amendment before you is to increase it to \$50.00 a year in 2013, \$100.00 a year in 2014, and then up to \$150.00 the year beginning in 2015. He asked that we consider this amendment.

Vice Committee Chair Rapozo: Is that a motion?

Ms. Nakamura moved to amend Bill No. 2444 as shown in the Floor Amendment which is attached hereto as Attachment 1, seconded by Ms. Yukimura.

Vice Committee Chair Rapozo: Further discussion? I would like to suspend the rules, being that you folks are still up there. And obviously I do not think you can speak for the Commission. And you may have had some discussion, but did the Commission have discussion as far as the graduated scale?

There being no objections, the rules were suspended.

Ms. Sterker: We did.

Vice Committee Chair Rapozo: And what was the position on it? I think I heard you loud and clear.

Ms. Sterker: We decided it needed to be done now. That is it.

Mr. Rapozo: Because what I heard you say earlier was that it costs about \$100 just to process?

Ms. Sterker: It costs the County \$100.00 just to process.

Vice Committee Chair Rapozo: And we are charging \$25.00?

Ms. Sterker: And we are charging \$25.00.

Vice Committee Chair Rapozo: All right. Thank you very much.

There being no objections, the meeting was called back to order, and proceeded as follows:

Mr. Furfaro: I am a non-Committee Member, but I do want to say that the recommendation here from past members of the Cost Control Commission, I just want to say that we understand, for what they are proposing is a minimum tax of \$10.00 a month. \$10.00 a month covers your share of police response, it covers your share of ambulance response, and it covers your share of Fire Department response. When you look at those basic pieces, it is fair and

reasonable in the form that was recommended by the Cost Control Commission, obviously in your Committee. I do not vote on this, but I just wanted to point out for that kind of allocation what kind of services you do get out of minimum taxing.

Vice Committee Chair Rapozo: Thank you, Mr. Chair. Any further discussion?

Ms. Yukimura: You are proposing \$150.00...no, you are proposing \$100.00?

There being no objections, the rules were suspended.

Ms. Sterker: No, we are proposing \$150.00.

Vice Committee Chair Rapozo: The meeting is back to order. If you want to ask questions, I could suspend the rules, and have them...

Ms. Yukimura: Would you please?

Vice Committee Chair Rapozo: I will suspend the rules. Go ahead.

Ms. Yukimura: You are proposing \$150.00 immediately?

Ms. Sterker: Yes, because if we did it now at this point at \$100.00, then three years down the line, we would have to do it again anyway. So why not just do it now?

Ms. Yukimura: Right. Although you could graduate it with the idea of graduation, something a little more than \$50.00 in the first instance, something more than \$100.00 in the second instance, and get to the point of where you would get by year three to –

Ms. Sterker: To \$150.00?

Ms. Yukimura: Or \$155.00 in year three (3).

Ms. Sterker: Or maybe that would end up being \$200.00 by then.

Ms. Yukimura: It could be and so we would need to think of a calculation that would get you to where you want to get at the end of three (3) years.

Ms. Sterker: This would be your decision, not the Cost Control Decision.

Ms. Yukimura: No, it would not, but I am trying to get your thought process so maybe we could find a middle path. And my inclination would be to pass this now and do the research it takes for the Council Meeting so that at the Council Meeting time where we can suggest something that will get us to the right place in three years based on your assumptions. Because it will have to offset the losses in the first two (2) years and get us to the place you would get in three (3) years. In three (3) years, under your proposal we would get to \$150.00, but maybe we are supposed to be higher than that.

Mr. Chaffin: That would be my suggestion, that if we started at \$150.00 now, in three (3) years we are at \$150.00, we are going to be losing money. But if we go gradually, we're losing even more money.

Ms. Yukimura: Right.

Mr. Chaffin: So at \$150.00 in three (3) years is acceptable but at \$150.00 each year.

Ms. Yukimura: I know. So we might have to end up in a graduated proposal at a little higher than \$150, but at least people have some notice that that is happening, and you think they could prepare, but I do not know. These are just thoughts. I think the thoughts underlying Councilmember Bynum's proposal is that people might be able to get prepare and get used to the idea instead of an immediate big jump. I mean, we are at fault that we did not make gradual, small increases over time.

Mr. Chaffin: Right.

Ms. Yukimura: And that is what happened with the Water Department. They failed to make increases over a twenty (20) year period and then the increases they had to make were really high.

Vice Committee Chair Rapozo: There is a question in there somewhere, right?

Ms. Yukimura: It is our fault. Yes.

Vice Committee Chair Rapozo: Okay.

Ms. Yukimura: So the question is whether you think that kind of graduated system but thinking of getting at the same place by the end of three (3) years could work?

Ms. Sterker: We did not think it would. We talked to a number of people who had been in touch rural-living, paying for their Fire Department services, paying for police services, and they pay every month. And some people in some areas, for instance, in Arizona, when we lived there, we paid \$25.00 for each one of those services every month. And we felt that \$150.00 a year was very fair.

Ms. Yukimura: Actually, sometimes paying by month is easier, although I can imagine it might be a bigger administrative...

Ms. Sterker: I think the work it would cause would be just...

Ms. Yukimura: Yes, the administrative costs. But it is hard for people to pay it all at once sometimes, families with small incomes. I just wanted to get your thought process and your thoughts on a graduated system.

Mr. Chaffin: I think if it is billed \$150.00 per year and you can pay it in two (2) increments, maybe that is a help.

Mr. Furfaro: You can pay in two increments now.

Ms. Sterker: It is that way now.

Mr. Chaffin: It is not \$150.

Vice Committee Chair Rapozo: Any more questions?

Ms. Yukimura: Okay. Thank you.

Vice Committee Chair Rapozo: No questions? Thank you very much

Mr. Chaffin: Thank you.

There being no objections, the meeting was called back to order, and proceeded as follows:

Vice Committee Chair Rapozo: If you guys are going to be looking at more amendments or researching this, then I would suggest we defer it because Mr. Bynum is not here and Mr. Kualii is not here. I hate to send this to the full

Council and have to redo amendments. The other question is when would this have to pass in order for the Finance Department to be able to send it out for the next cycle, if it should pass out of the full Council. I am not sure. Amy is coming up. I will suspend the rules.

There being no objections, the rules were suspended.

AMY ESAKI, First Deputy County Attorney: Amy Esaki, First Deputy County Attorney. I think we put that in the effective date on the bill. I do not have full copy.

Vice Committee Chair Rapozo: I understand that. I am trying to figure out when we would have to get it out of Council to make it across the street for the Mayor's signature, so that it could...

Mr. Furfaro: Excuse me, Chair. I think the question is along the lines that if it passes out, our software has to be updated, those people that have the effective changes. And the question is, so that the software is handled appropriately, the changes are made, the notices go out, what is the drop-dead date of this having to...

Ms. Esaki: I think I included it in the effective date; however, I can find out for the Council as to exactly when is the drop-dead date for the Administration to implement the new minimum tax rate.

Ms. Yukimura: The effective date of the ordinance will take effect July 21, 2013.

Vice Committee Chair Rapozo: Okay.

Ms. Esaki: That gives enough time for the Administration to...

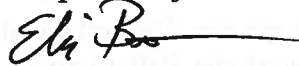
Committee Vice Chair Rapozo: Yes, that is fine. Thank you very much, Amy. Thank you. I will call the meeting back to order. We have got a lot of time, so I would definitely suggest a deferral.

There being no objections, the meeting was called back to order, and proceeded as follows:

Upon a motion duly made by Ms. Nakamura, seconded by Ms. Yukimura, and unanimously carried, Bill No. 2444 was deferred.

There being no further business, the meeting was adjourned at 3:41 p.m.

Respectfully submitted,



Elizabeth Brummett
Council Services Assistant I

APPROVED at the Committee Meeting held on November 8, 2012:



MEL RAPOZO
VICE CHAIR, FPP COMMITTEE

(October 3, 2012)
FLOOR AMENDMENT

Bill No. 2444, Relating to Real Property Tax (Cost Control Commission Recommendation – Minimum Real Property Tax)

INTRODUCED BY: Nadine K. Nakamura, Councilmember

Bill No. 2444, Section 1, is amended to read as follows:

“SECTION 1. Purpose. The purpose of this bill is to increase the minimum real property tax from \$25 a year to [\$150 a year.] \$50 a year for tax year 2013 only, \$100 a year for tax year 2014 only and \$150 a year beginning in tax year 2015.”

Bill No. 2444, Section 2, is amended to read as follows:

“SECTION 2. Section 5A-6.3 of the Kaua‘i County Code 1987, as amended, is hereby amended by amending subsection (g) to read as follows:

(g) Notwithstanding any provision to the contrary, there shall be levied upon each individual parcel of real property taxable under this chapter a minimum real property tax of [\$25 a year.] \$50 a year for tax year 2013 only, \$100 a year for tax year 2014 only and \$150 a year beginning in tax year 2015, except for properties that are completely exempt pursuant to Section 5A-8.3, Hawaiian Homelands pursuant to 5A-11.23 for the first seven years, public utilities if they elect to be taxed pursuant to 5A-8.3(e), and roads that exist as individual parcels, lots, or common elements. The solid waste fee, or any other fee applicable to an owner’s property, is not a tax, and is not counted toward the minimum real property tax.”

(Material to be deleted is bracketed. New material is underscored)
(v:\amendments\Bill 2444, FA 10-3-2012-ss_lc.doc)

